

STATE OF RHODE ISLAND
PROVIDENCE, SC

SUPERIOR COURT

RHODE ISLAND ECONOMIC
DEVELOPMENT CORPORATION,

Plaintiff,

v.

WELLS FARGO SECURITIES, LLC;
BARCLAYS CAPITAL, PLC; FIRST
SOUTHWEST COMPANY; STARR
INDEMNITY AND LIABILITY COMPANY;
CURT SCHILLING; THOMAS ZACCAGNINO;
RICHARD WESTER; JENNIFER MACLEAN;
ROBERT I. STOLZMAN; ADLER POLLOCK &
SHEEHAN, P.C.; MOSES AFONSO RYAN
LTD.; ANTONIO AFONSO, JR.; KEITH
STOKES; and J. MICHAEL SAUL,

Defendants.

C.A. No. PB-12-5616

**ANSWER OF THE DEFENDANT J. MICHAEL SAUL
TO PLAINTIFF'S FIRST AMENDED COMPLAINT**

Now comes J. Michael Saul, a Defendant in the above-captioned matter and hereby answers the Plaintiff's Complaint as follows:

FIRST DEFENSE

1. The Defendant, J. Michael Saul (hereinafter "Saul"), neither admits nor denies Paragraph 1 of Plaintiff's First Amended Complaint and leaves Plaintiff to its proof.

2. To the extent that Paragraph 2 of Plaintiff's First Amended Complaint simply quotes a portion of Rhode Island General Law §42-64-2 (h)-(i), the statement set forth in Paragraph 2 of Plaintiff's First Amended Complaint speaks for itself.

SUPERIOR COURT
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3. To the extent that Paragraph 3 of Plaintiff's First Amended Complaint simply states the directive of Rhode Island General Law §42-64-8, those averments speak for themselves.

4. The Defendant Saul is without sufficient information or belief to either admit or deny the averments set forth in Paragraph 4 of Plaintiff's First Amended Complaint and Plaintiff is left to its proof.

5. The Defendant Saul is without sufficient information or belief to either admit or deny the averments set forth in Paragraph 5 of Plaintiff's First Amended Complaint and Plaintiff is left to its proof.

6. The Defendant Saul is without sufficient information or belief to either admit or deny the averments set forth in Paragraph 6 of Plaintiff's First Amended Complaint and Plaintiff is left to its proof.

7. The Defendant Saul is without sufficient information or belief to either admit or deny the averments set forth in Paragraph 7 of Plaintiff's First Amended Complaint and Plaintiff is left to its proof.

8. The Defendant Saul is without sufficient information or belief to either admit or deny the averments set forth in Paragraph 8 of Plaintiff's First Amended Complaint and Plaintiff is left to its proof.

9. The Defendant Saul is without sufficient information or belief to either admit or deny the averments set forth in Paragraph 9 of Plaintiff's First Amended Complaint and Plaintiff is left to its proof.

10. The Defendant Saul is without sufficient information or belief to either admit or deny the averments set forth in Paragraph 10 of Plaintiff's First Amended Complaint and Plaintiff is left to its proof.

11. The Defendant Saul is without sufficient information or belief to either admit or deny the averments set forth in Paragraph 11 of Plaintiff's First Amended Complaint and Plaintiff is left to its proof.

12. The Defendant Saul is without sufficient information or belief to either admit or deny the averments set forth in Paragraph 12 of Plaintiff's First Amended Complaint and Plaintiff is left to its proof.

13. The Defendant Saul is without sufficient information or belief to either admit or deny the averments set forth in Paragraph 13 of Plaintiff's First Amended Complaint and Plaintiff is left to its proof.

14. The Defendant Saul is without sufficient information or belief to either admit or deny the averments set forth in Paragraph 14 of Plaintiff's First Amended Complaint and Plaintiff is left to its proof.

15. The Defendant Saul admits the averments as set forth in Paragraph 15 of Plaintiff's First Amended Complaint.

16. The Defendant Saul is without sufficient information or belief to either admit or deny the averments set forth in Paragraph 16 of Plaintiff's First Amended Complaint and Plaintiff is left to its proof.

17. The Defendant Saul is without sufficient information or belief to either admit or deny the averments set forth in Paragraph 17 of Plaintiff's First Amended Complaint and Plaintiff is left to its proof.

18. The Defendant Saul is without sufficient information or belief to either admit or deny the averments set forth in Paragraph 18 of Plaintiff's First Amended Complaint and Plaintiff is left to its proof.

19. The Defendant Saul admits the averments as set forth in Paragraph 19 of Plaintiff's First Amended Complaint.

20. The Defendant Saul admits the averments as set forth in Paragraph 20 of Plaintiff's First Amended Complaint.

21. The Defendant Saul is without sufficient information or belief to either admit or deny the averments set forth in Paragraph 21 of Plaintiff's First Amended Complaint and Plaintiff is left to its proof.

22. The Defendant Saul is without sufficient information or belief to either admit or deny the averments set forth in Paragraph 22 of Plaintiff's First Amended Complaint and Plaintiff is left to its proof.

23. The Defendant Saul admits that the EDC Board was asked to consider and approve the issuance of Seventy-Five Million (\$75,000,000.00) in bonds to finance a loan to 38 Studios LLC, which was upon information and belief to be used by 38 Studios LLC in whole or in part to assist in relocating to Rhode Island, and/or to assist in completing production of a massive, multi-player, online video game called Copernicus and/or, to partially capitalize the Company's growth and expansion in Rhode Island. The Defendant Saul does admit that the alleged loan was so-called, "conduit financing," meaning that 38 Studios' repayment of the loan would be used by the EDC to repay certain bondholders, along with certain reserve funds. The Defendant Saul is without sufficient information or belief to either admit or deny that the EDC Board members are all unpaid volunteers, and as such, leaves Plaintiff to its proof. The

Defendant Saul denies the averment that “None of the board members were experts in law, lending, video gaming or economic development.” The Defendant Saul denies the Plaintiff’s averment wherein Plaintiff states, “The EDC Board’s understanding of the transactions was based upon information provided by a number of individuals and companies who acted as advisors (the “Advisors”) to the EDC Board, as well as by Defendants Schilling, Zaccagnino, MacLean, and Wester of 38 Studios.” The Defendant Saul therefore further denies the averment as contained in this Paragraph 23 of Plaintiff’s First Amended Complaint which states “That information led the EDC Board to conclude that the proposed transaction, although not without risk, had a reasonable probability of bringing high quality jobs and creating a new industry in Rhode Island, with 38 Studios as the anchor tenant and a cluster of companies performing related activities.” All other averments not specifically referenced above are denied.

24. The Defendant Saul cannot either admit or deny Plaintiff’s averments as set forth in Paragraph 24 of Plaintiff’s First Amended Complaint to the extent that it uses the word “undertook” as Defendant Saul does not know what the Plaintiff means by the use of that word. The Defendant Saul does admit that certain Advisors were, in fact, hired and did, in fact, advise the EDC Board of the substantial risks that would result if the 38 Studios transaction did fail and, as such, upon information and belief, the Board members were fully aware of all risks. The Defendant Saul does admit that, together with other material warnings, the EDC Board was also warned that 38 Studios had no proven track record, and that 38 Studios’ success depended upon Copernicus being completed successfully. Upon information and belief, no person or entity ever advised the EDC Board that 38 Studios’ success depended upon 38 Studios’ completing Copernicus within “budget according to 38 Studios’ financial projections of its income and expenses.” The Defendant Saul can neither admit or deny, as the Defendant Saul was not an

EDC Board member, the Plaintiff's averment that "after consideration of the information it received from the Advisors, the EDC Board concluded that the merits and benefits of the transaction were sufficient in the judgment of the Board to justify running those risks, and approved the loan and issuance of the bonds, subject to certain terms and conditions.", and as such, the Plaintiff is left to its proof.

25. The Defendant Saul is without sufficient information or belief to either admit or deny the averment as set forth in Paragraph 25 of Plaintiff's First Amended Complaint wherein Plaintiff states "38 Studios failed in May of 2012.", and as such, the Plaintiff is left to its proof. As to the Plaintiff's statement, "If that failure had resulted from the risks that these Advisors had disclosed to the EDC Board, there would be little or no cause for this complaint.", that statement is simply an opinion being raised by the Plaintiff and as such, Defendant Saul cannot either admit or deny an opinion. Defendant Saul can, however, state that he does agree with the Plaintiff that there is in fact "no cause for this complaint." The Defendant Saul does deny the Plaintiff's statement that "In fact, 38 Studios failed because of risks that had not been disclosed to the EDC Board, but were or should have been known by all of these Advisors, and by 38 Studios, and Defendants Schilling, Zaccagnino, Wester, and MacLean." In fact, the Defendant Saul does affirmatively state that upon information and belief, there were no material facts not disclosed to the EDC Board, and/or which were not otherwise known to the majority if not all of the EDC Board members at the time they voted to approve the subject loan. In fact, upon information and belief, the decision by the Board members to approve the subject loan was primarily and/or materially influenced by the Chairman of the Board Governor Carcieri, and by the key proponents of the loan in the Rhode Island House of Representatives and the Rhode Island Senate, i.e., Speaker of the House Gordon Fox and President of the Senate Teresa Paiva-

Weed, who upon information and belief, themselves were aware of all material facts, with respect to the net amount of the loan being given to 38 Studios and of the fact that a further equity infusion was needed, over and above the net amount of the loan.

26. The Defendant Saul denies the averments in Paragraph 26 of Plaintiff's First Amended Complaint, that the advisors to the EDC "are all named Defendants herein." There are in fact indispensable parties not named in Plaintiff's First Amended Complaint. The Defendant Saul denies that the subject Board of Directors did reasonably rely on any advice given by the Defendant Saul in that Defendant Saul was never asked for his advice and, in fact, was directed by the Chairman of the Board of Directors, Governor Carcieri, not to give his advice and/or opinion as it was not needed by the very experienced business persons who were members of the Board. Defendant Saul was told by Governor Carcieri that the members of the Board of Directors were very sophisticated business persons who could make their own decisions with respect to approving or disapproving of the loan to 38 Studios. At all times relevant hereto, all persons on the Board of Directors knew, as was always the case with respect to material decisions of the Board, that employees of the EDC did not have the duty or manpower to provide any such advice and in lieu thereof outside advisors were always contracted with.

27. Upon information and belief, the Defendant Saul denies that there were any risks which were not disclosed to and/or not otherwise known by the subject members of the EDC Board of Directors. The Defendant Saul is without sufficient knowledge or belief to know what discussions took place by or between, or what admissions were made by or between, 38 Studios directors, and/or Chief Executives, to the so-called "Advisors". The Defendant Saul does state that, upon information and belief, it was known to some and/or all of the members of the EDC Board of Directors that 38 Studios was undercapitalized and did not have sufficient funds to

successfully complete "Copernicus" without a substantial equity infusion in addition to the subject loan. Upon information and belief to the knowledge of Defendant Saul, the subject members of the Board of Directors who approved this loan, did so with full knowledge of the economic difficulties and the nature and substance of the economic difficulties being encountered by 38 Studios. Defendant Saul is without sufficient information or belief to either admit or deny whether any admissions were made to any person or persons by 38 Studios or others that 38 Studios "was likely to run out of money in 2012." The Defendant Saul is without sufficient information or belief to know whether in fact 38 Studios required Seventy-Five Million Dollars (\$75,000,000.00) to complete Copernicus. The Defendant Saul admits that he knew as did the members of the EDC Board of Directors know when approving the loan, that the net proceeds to be lent to 38 Studios from the Seventy-Five Million Dollar (\$75,000,000.00) loan would be far less than that amount. The Defendant Saul denies that "the EDC Board was ever told that the net proceeds 38 Studios would receive, along with other sources of funds set forth in 38 Studios' financial projections, "would provide necessary financing to relocate 38 Studios to Rhode Island, complete production of Copernicus, and capitalize the company's growth and expansion in Rhode Island.". Defendant Saul is not aware of any untrue statements made to the Board of Directors by either himself and/or any so-called Advisor and as such denies the averment made by Plaintiff that "In fact, the Advisors knew or should have known that this was untrue, and that even if all of 38 Studios' financial projections proved true, the net proceeds would not be sufficient to fund 38 Studios' relocation to Rhode Island and completion of Copernicus." The Defendant Saul does again state however, upon information and belief, for purposes of clarity, that at all times relevant hereto, prior to voting on approval of the loan to 38 Studios, some and/or all of the members of the Board of Directors knew that for 38 Studios to be

successful, the net proceeds of the \$75,000,000.00 loan was only some of the capital 38 Studios required and an additional equity infusion, i.e., capital, would be required.

28. The Defendant Saul denies the averment set forth in Paragraph 28 of Plaintiff's First Amended Complaint wherein Plaintiff states "Not only was the fact of the known shortfall kept from the EDC Board, but the EDC Board was also induced to issue a formal finding required by statute, that adequate provision has been made or will be made for payment of the construction of the project, that was false because of the known shortfall." Again, no false statements were made to members of the EDC Board by the Defendant Saul, nor to the knowledge and belief of Defendant Saul, by any of the so-called "Advisors". Again, upon information and belief, some or all of the members of the EDC Board knew that 38 Studios would fail if it did not receive an additional equity infusion of capital, over and above the subject loan. With respect to Plaintiff's statement that "At this time Plaintiff cannot identify an EDC board member conclusively who was not so misled by the Advisors," while Defendant Saul cannot comment on Plaintiff's state of mind at the time of the writing of the First Amended Complaint, Plaintiff's averment is misleading as upon information and belief no member of the Board was misled by any so-called "Advisor". As to the balance of the averments by Plaintiff in Paragraph 28 of Plaintiff's First Amended Complaint, Defendant Saul can neither admit nor deny same in that Plaintiff is stating a legal conclusion as opposed to making factual statements and as such those conclusions of law do not require an answer.

29. The Defendant Saul denies Paragraph 29 of Plaintiff's Complaint to the extent that the Defendant Saul has no knowledge of any condition set by the Board or any reliance by the Board, on and or with respect to an opinion by IBM as to the feasibility of the 38 Studios transaction prior to the Board voting to approve or reject same. The Defendant Saul does deny

that the EDC Board relied on any report and/or information from IBM with respect to assessing 38 Studios' budget and timetable prior to closing. The Defendant Saul is without sufficient information or belief as to whether IBM worked for 38 Studios, and leaves Plaintiff to its proof.

30. The Defendant Saul does deny the Plaintiff's averment in Paragraph 30 of its First Amended Complaint wherein Plaintiff states "The EDC Board was led to believe that an independent expert would make such assessment during the period between July 26, 2010 and the closing of the loan and issuance of the bonds." In fact, again, to the knowledge and belief of the Defendant Saul, the EDC Board, at all times relevant hereto, knew and/or should have known that 38 Studios required additional equity, i.e., an additional capital infusion, at the time the EDC Board approved the loan in order to "complete Copernicus by September 2012... or within any particular budget whatsoever."

31. The Defendant Saul is without sufficient information or belief to either admit or deny the averments set forth in Paragraph 31 of Plaintiff's First Amended Complaint and Plaintiff is left to its proof.

32. As to Paragraph 32 of Plaintiff's First Amended Complaint, the Defendant Saul denies any intentional misconduct or any negligent conduct with respect to the subject transaction. The Defendant Saul denies that he "intentionally harmed the EDC." The Defendant Saul denies that he was in any way negligent with respect to his duties as an employee of the EDC. The Defendant Saul denies that he performed and/or committed any of the actions set forth in subsections (a) through (m) of Paragraph 32 of Plaintiff's First Amended Complaint. The Defendant Saul denies the averments set forth in Subsection "B." of Plaintiff's First Amended Complaint.

33. The Defendant Saul is without sufficient information or belief to either admit or deny the averments set forth in Paragraph 33 of Plaintiff's First Amended Complaint and Plaintiff is left to its proof.

34. The Defendant Saul is without sufficient information or belief to either admit or deny the averments set forth in Paragraph 34 of Plaintiff's First Amended Complaint and Plaintiff is left to its proof.

35. The Defendant Saul is without sufficient information or belief to either admit or deny the averments set forth in Paragraph 35 of Plaintiff's First Amended Complaint and Plaintiff is left to its proof. In addition to the foregoing, however, the Defendant Saul recalls no specific conversation in which Defendants Stolzman and Stokes "in turn informed" Defendant Saul, "to use the EDC to accomplish relocation of 38 Studios to Rhode Island." This statement by the Plaintiff is vague and non-specific and as such is denied.

36. The Defendant Saul denies the averments of Paragraph 36 of Plaintiff's First Amended Complaint as stated.

37. The Defendant Saul denies the averments of Paragraph 37 of Plaintiff's First Amended Complaint as stated.

38. The Defendant Saul denies the averments of Paragraph 38 of Plaintiff's First Amended Complaint as stated.

39. The Defendant Saul is without sufficient information or belief to either admit or deny the averments set forth in Paragraph 39 of Plaintiff's First Amended Complaint and Plaintiff is left to its proof.

40. The Defendant Saul denies the averments of Paragraph 40 of Plaintiff's First Amended Complaint as stated.

41. The Defendant Saul is without sufficient information or belief to either admit or deny the averments set forth in Paragraph 41 of Plaintiff's First Amended Complaint and Plaintiff is left to its proof.

42. The Defendant Saul is without sufficient information or belief to either admit or deny the averments set forth in Paragraph 42 of Plaintiff's First Amended Complaint and Plaintiff is left to its proof.

43. The Defendant Saul is without sufficient information or belief to either admit or deny the averments set forth in Paragraph 43 of Plaintiff's First Amended Complaint and Plaintiff is left to its proof.

44. The Defendant Saul is without sufficient information or belief to either admit or deny the averments set forth in Paragraph 44 of Plaintiff's First Amended Complaint and Plaintiff is left to its proof.

45. The Defendant Saul is without sufficient information or belief to either admit or deny the averments set forth in Paragraph 45 of Plaintiff's First Amended Complaint and Plaintiff is left to its proof.

46. The Defendant Saul has no recollection of the averment as set forth in Paragraph 46 of the Plaintiff's First Amended Complaint and as such those statements as pertaining to the Defendant Saul are denied.

47. The Defendant Saul is without sufficient information or belief to either admit or deny the averments set forth in Paragraph 47 of Plaintiff's First Amended Complaint and Plaintiff is left to its proof.

48. The Defendant Saul denies the averments of Paragraph 48 of Plaintiff's First Amended Complaint as alleged with respect to Defendant Saul.

49. The Defendant Saul is without sufficient information or belief to either admit or deny the averments set forth in Paragraph 49 of Plaintiff's First Amended Complaint and Plaintiff is left to its proof.

50. Paragraph 50 of Plaintiff's First Amended Complaint is vague and non-specific as to time and identity of the so-called "draft Term Sheets" and as such denies the averments of Paragraph 50 of Plaintiff's Complaint.

51. The Defendant Saul is without sufficient information or belief to either admit or deny the averments set forth in Paragraph 51 of Plaintiff's First Amended Complaint and as such Plaintiff is left to its proof.

52. The Defendant Saul is without sufficient information or belief to either admit or deny the averments set forth in Paragraph 52 of Plaintiff's First Amended Complaint and Plaintiff is left to its proof.

53. The Defendant Saul is without sufficient information or belief to either admit or deny the averments set forth in Paragraph 53 of Plaintiff's First Amended Complaint and Plaintiff is left to its proof.

54. The Defendant Saul is without sufficient information or belief to either admit or deny the averments set forth in Paragraph 54 of Plaintiff's First Amended Complaint and Plaintiff is left to its proof.

55. The Defendant Saul denies the averments of Paragraph 55 of the Plaintiff's First Amended Complaint as alleged with respect to the Defendant Saul.

56. The Defendant Saul denies the averments of Paragraph 56 of the Plaintiff's First Amended Complaint as being too general and non-specific and as such, those averments, as stated, are denied.

57. The Defendant Saul denies the averments of Paragraph 57 of Plaintiff's First Amended Complaint.

58. The Defendant Saul denies the averments of Paragraph 58 of Plaintiff's First Amended Complaint as stated.

59. The Defendant Saul denies the averments of Paragraph 59 of Plaintiff's First Amended Complaint as stated.

60. The Defendant Saul denies the averments of Paragraph 60 of Plaintiff's First Amended Complaint as stated, with reference to the alleged communications with the so-called "EDC analyst" and as to the statement allegedly quoted from an alleged e-mail, the Defendant Saul is presently without sufficient information or belief to either admit or deny the accuracy of same and as such it is denied and the Plaintiff is left to its proof.

61. The Defendant Saul is without sufficient information or belief to either admit or deny the averments set forth in Paragraph 61 of Plaintiff's First Amended Complaint and as such Plaintiff is left to its proof.

62. In answer to Paragraph 62 of Plaintiff's First Amended Complaint, the Defendant Saul has no way of knowing what the Plaintiff means by "the EDC analyst gave Saul his current thoughts on the 38 Studios' credit analysis", and as such leaves Plaintiff to its proof as to the meaning of that statement. As to any alleged statement and/or written statement as claimed by the Plaintiff in said Paragraph 62, the Defendant Saul has no present recollection of same and as such it is denied and the Defendant Saul leaves Plaintiff to its proof.

63. The Defendant Saul does not have sufficient information or belief to either admit or deny the averments set forth in Paragraph 63 of Plaintiff's First Amended Complaint and as such leaves Plaintiff to its proof.

64. As to Paragraph 64 of Plaintiff's First Amended Complaint, the Defendant Saul denies the averments as set forth in that Paragraph as they pertain to the Defendant Saul. As to the balance of the averments which do not pertain to the Defendant Saul, said Defendant does not have sufficient information or belief to either admit or deny same and as such leaves Plaintiff to its proof.

65. In answer to Paragraph 65 of Plaintiff's First Amended Complaint, the Defendant Saul only admits that he did at some time prepare a Power Point. Other than the fact that Defendant Saul did prepare a Power Point, he denies the balance of the averments as set forth in that Paragraph 65. In addition to the extent that the Plaintiff attempts to mislead the trier of fact as to the existence of a misrepresentation, the Defendant Saul affirmatively states that there was in fact no misrepresentation made by the Defendant Saul whatsoever.

66. In answer to Paragraph 66 of Plaintiff's First Amended Complaint, the Defendant Saul denies the averments as set forth in that Paragraph as stated.

67. The Defendant Saul denies the averments of Paragraph 67 of Plaintiff's First Amended Complaint as stated.

68. The Defendant Saul denies the averments of Paragraph 68 of Plaintiff's First Amended Complaint.

69. The Defendant Saul denies the averments of Paragraph 69 of Plaintiff's First Amended Complaint as stated.

70. The Defendant Saul denies the averments of Paragraph 70 of Plaintiff's First Amended Complaint as stated.

71. To the extent that Paragraph 71 of Plaintiff's First Amended Complaint allegedly quotes an e-mail, the Defendant Saul leaves the accuracy of same to Plaintiff's proof. The

statement; “of the role Defendant Wells Fargo understood it would play at the EDC Board Meeting:” is non-specific and claims to know the understanding of Wells Fargo. As Defendant Saul cannot know the understanding of Wells Fargo, any inference intended by the Plaintiff in its averments as set forth in Paragraph 71 as to any control being asserted by the Defendant Saul, is denied.

72. The Defendant Saul denies the averments of Paragraph 72 of Plaintiff’s First Amended Complaint as stated.

73. The averment as set forth by the Plaintiff in Paragraph 73 of Plaintiff’s First Amended Complaint, is a matter of legislative history and as such the Defendant cannot admit or deny same and the Plaintiff is left to its proof.

74. Again the statement as made by the Plaintiff in Paragraph 74 is again a question of legislative history and as such Defendant Saul cannot admit or deny same and the Plaintiff is left to its proof.

75. The Defendant Saul is without sufficient information and belief to either admit or deny the averment as set forth in Paragraph 75 of Plaintiff’s First Amended Complaint in that it is describing the actions of the Plaintiff and as such the Plaintiff is left to its proof.

76. The Defendant Saul is without sufficient information or belief to either admit or deny the averments set forth in Paragraph 4 of Plaintiff’s First Amended Complaint and Plaintiff is left to its proof.

77. The Defendant Saul is without sufficient information or belief to either admit or deny the averments set forth in Paragraph 77 of Plaintiff’s First Amended Complaint and as such the Plaintiff is left to its proof.

78. In answer to Paragraph 78 of the Plaintiff's First Amended Complaint, the Defendant Saul denies the Plaintiff's allegations that he solicited and received the EDC Board's trust, confidence, reliance and approval of and for Defendant Wells Fargo, and its appointment as the EDC's placement agent, by allegedly representing to the EDC Board that Wells Fargo had superior knowledge and experience concerning the video game industry in general, arising out of Wells Fargo's due diligence investigations in connection with its prior preparation of the equity PPM seeking capital for 38 Studios to complete Copernicus. As to the balance of the averments as set forth in Paragraph 78 of Plaintiff's First Amended Complaint the Defendant Saul is without sufficient information or belief to either admit or deny same and as such leaves the Plaintiff to its proof.

79. The Defendant Saul is without sufficient information or belief to either admit or deny the averments as set forth in Paragraph 79 of Plaintiff's First Amended Complaint and as such leaves Plaintiff to its proof.

80. The Defendant Saul is without sufficient information or belief to either admit or deny the averments set forth in Paragraph 80 of Plaintiff's First Amended Complaint and as such leaves Plaintiff to its proof.

81. The Defendant Saul is without sufficient information or belief to either admit or deny the averments as set forth in Paragraph 81 of Plaintiff's First Amended Complaint and as such leaves Plaintiff to its proof.

82. Other than the fact that the Defendant Saul may or may not have been present at meetings on the dates listed in said Paragraph 82, the Defendant Saul does, upon information and belief, deny the averments set forth in said Paragraph 82.

83. The Defendant Saul is presently without sufficient information or belief to either admit or deny the averments as contained in Paragraph 83 of Plaintiff's First Amended Complaint and as such leaves Plaintiff to its proof.

84. As to Paragraph 84 of Plaintiff's First Amended Complaint, the Defendant Saul is presently without sufficient information or belief to either admit or deny the contents of any e-mails as alleged by the Plaintiff or the dates thereof and as such leaves Plaintiff to its proof. The Defendant Saul does deny the other averments against him with respect to Paragraph 84.

85. The Defendant Saul does not presently have sufficient information or belief to either admit or deny the averment as contained in Paragraph 85 of Plaintiff's First Amended Complaint and as such leaves Plaintiff to its proof.

86. The Defendant Saul is without sufficient information or belief to either admit or deny the averments as set forth in Paragraph 86 of Plaintiff's First Amended Complaint and as such leaves Plaintiff to its proof.

87. At the present time, the Defendant Saul is without sufficient information or belief to either admit or deny the averments contained in Paragraph 87 of the Plaintiff's First Amended Complaint and as such leaves Plaintiff to its proof.

88. At the present time, the Defendant Saul is without sufficient information or belief to either admit or deny his attendance at or the contents of the meeting alleged to have taken place in Paragraph 87 of Plaintiff's First Amended Complaint and as such leaves Plaintiff to its proof.

89. The Defendant Saul in answer to Paragraph 89 of Plaintiff's First Amended Complaint states that at the present time he is without sufficient information or belief to either admit or deny the averments set forth therein. For purposes of clarification, the Defendant Saul

does state that to his knowledge and belief, at all times relevant hereto, some or all of the members of the Board of Directors of the EDC knew or should have known that 38 Studios was relying on an additional infusion of needed capital through a further infusion of equity, the source of which was unknown at the time that the EDC voted to approve the subject loan.

90. In answer to Paragraph 90 of Plaintiff's First Amended Complaint, the Defendant Saul is without sufficient information or belief to either admit or deny the averments contained therein, and as such the Plaintiff is left to its proof.

91. With reference to the averments of Paragraph 91 as pertaining to the Defendant Saul, those averments are denied.

92. At the present time, the Defendant Saul is without sufficient information or belief to either admit or deny the averments set forth in Paragraph 92 of the Plaintiff's First Amended Complaint and as such leaves Plaintiff to its proof. The Defendant Saul does point out and emphasize the Plaintiff's admission that the alleged Term Sheet refers to the proceeds of the \$75 million of revenue bonds as the "net proceeds".

93. The Defendant Saul denies the averments of Paragraph 93 of Plaintiff's First Amended Complaint as stated.

94. The Defendant Saul denies the averments as contained in Paragraph 94 of Plaintiff's First Amended Complaint with respect to the averments pertaining to said Defendant.

95. In answer to Paragraph 95 of Plaintiff's First Amended Complaint, the Defendant Saul denies having made any misrepresentation and denies having made any false statements. To the extent that the Plaintiff claims to quote an e-mail, Defendant Saul has no present information or belief with respect to the accuracy of same and Plaintiff is therefore left to its proof. The Defendant Saul further denies that there were any materials which "falsely showed

that 38 Studios would receive net proceeds of \$75 million from the EDC.” In point of fact, at all times relevant hereto, upon information and belief, all of the members of the Board of Directors were fully aware that only the net proceeds of the \$75 million loan would be given to 38 Studios and that 38 Studios would not be receiving \$75 million.

96. At the present time, the Defendant Saul is without sufficient information or belief to either admit or deny the averments contained in Paragraph 96 of the Plaintiff's First Amended Complaint and as such Plaintiff is left to its proof.

97. The Defendant Saul denies the averments of Paragraph 97 of Plaintiff's First Amended Complaint as stated with respect to the Defendant Saul.

98. The Defendant Saul is without sufficient information or belief to either admit or deny the averments set forth in Paragraph 98 of Plaintiff's First Amended Complaint and as such Plaintiff is left to its proof. The Defendant Saul does deny that there was any “false assertion – that the net proceeds 38 Studios would receive from the EDC loan were adequate to finance relocation to Rhode Island and completion of Copernicus – was both a “business point” and a “borrower benchmark.” The bottom line is that the EDC Board was not deceived by the Defendant Saul at any time.

99. To the extent that Paragraph 99 refers to the knowledge of First Southwest or alleged knowledge of First Southwest, the Defendant Saul is without sufficient information or belief to either admit or deny the averments of Paragraph 99, with the caveat that upon information and belief the Defendant Saul again states that no false representation was made by any person or entity to the EDC Board.

100. With respect to Paragraph 100 of Plaintiff's First Amended Complaint, the Defendant Saul is without sufficient information or belief to either admit or deny such an e-mail nor the contents thereof and as such leaves Plaintiff to its proof.

101. In answer to Paragraph 101 of Plaintiff's First Amended Complaint, Defendant Saul is not an expert able to state the purpose of Rhode Island General Laws §42-64-10 and as such Plaintiff is left to its proof.

102. The Defendant Saul denies the averments as contained in Paragraph 102 of Plaintiff's First Amended Complaint to the extent that they refer to the Defendant Saul.

103. The Defendant Saul denies the averments as contained in Paragraph 103 of Plaintiff's First Amended Complaint to the extent that they refer to the Defendant Saul.

104. The Defendant Saul denies the averments of Paragraph 104 of Plaintiff's First Amended Complaint to the extent that they allege activity and/or duties and/or responsibilities of the Defendant Saul.

105. The Defendant Saul denies the averments of Paragraph 105 of Plaintiff's First Amended Complaint to the extent that they reference the Defendant Saul.

106. The Defendant Saul denies the averments of Paragraph 106 of the Plaintiff's First Amended Complaint to the extent that they pertain to the Defendant Saul.

107. In the answer to Paragraph 107 of Plaintiff's First Amended Complaint, the Defendant Saul denies that "a majority if not all of the EDC Board was still in the dark about the financing shortfall, and about other problems with the 38 Studios project that are identified as paragraph 160 – 169, *infra*, at the time the EDC Board convened and adopted the Authorizing Resolution. The Defendant Saul also denies that the Authorizing Resolution contained any false finding or false statement. To the extent that the Plaintiff attempts to speak to the state of mind

of any person and/or entity, the Defendant Saul leaves Plaintiff to its proof. As to any other averments, they are denied and the Plaintiff is left to its proof.

108. As to Paragraph 108 of Plaintiff's First Amended Complaint, the Defendant Saul is without sufficient information to either admit or deny the averments contained therein and as such leaves Plaintiff to its proof.

109. In answer to Paragraph 109 of Plaintiff's First Amended Complaint, the Defendant Saul denies that there were any "false finding" and as to the balance of that section, Defendant Saul is without sufficient information or belief to either admit or deny the averments set forth therein and as such Plaintiff is left to its proof.

110. Again, in answer to Paragraph 110 of Plaintiff's First Amended Complaint, the Defendant Saul denies his making of any "false representations to the EDC Board." The Defendant Saul denies the averment as contained in Paragraph 110 of Plaintiff's First Amended Complaint as pertaining to the Defendant Saul.

111. The Defendant Saul is without sufficient information or belief to either admit or deny the averments as contained in Paragraph 111 of Plaintiff's First Amended Complaint and as such leaves Plaintiff to its proof. Notwithstanding the foregoing Saul has consistently and continues to deny that there were any misrepresentation and/or false statements provided to and/or relied on by the EDC Board.

112. The Defendant Saul denies the averments as contained in Paragraph 112 of Plaintiff's First Amended Complaint.

113. As to the averments contained in Paragraph 113 of Plaintiff's First Amended Complaint, the Defendant Saul is presently without sufficient information or belief to either admit or deny those averments and as such leave Plaintiff to its proof.

114. As to the averments contained in Paragraph 114 of Plaintiff's First Amended Complaint, the Defendant Saul is without sufficient information or belief to either admit or deny those averments and as such leaves Plaintiff to its proof.

115. As to Paragraph 115 of the Plaintiff's First Amended Complaint, the Defendant Saul is without sufficient information or belief to either admit or deny the averments as contained in Paragraph 115 and as such leaves Plaintiff to its proof.

116. In answer to Paragraph 116 of Plaintiff's First Amended Complaint, the Defendant Saul is without sufficient information or belief to either admit or deny those averments and as such leaves Plaintiff to its proof.

117. As to Paragraph 117 of Plaintiff's First Amended Complaint, the Defendant Saul is without sufficient information or belief to either admit or deny the averments contained therein and as such the Plaintiff is left to its proof.

118. As to Paragraph 118 of Plaintiff's First Amended Complaint, the Defendant Saul is without sufficient information or belief to either admit or deny its averments and as such leaves Plaintiff to its proof.

119. As to Paragraph 119 of Plaintiff's First Amended Complaint, the Defendant Saul is presently without sufficient information or belief to either admit or deny the averments contained therein and as such the Plaintiff is left to its proof.

120. Upon information and belief, the averments set forth in Paragraph 120 of the Plaintiff's First Amended Complaint are false and as such are denied.

121. The Defendant Saul is without sufficient information or belief to either admit or deny the averments as set forth in Paragraph 121 of the Plaintiff's First Amended Complaint, and as such the Plaintiff is left to its proof.

122. The Defendant Saul is without sufficient information or belief to either admit or deny the averments contained in Paragraph 122 of Plaintiff's First Amended Complaint, and as such the Plaintiff is left to its proof.

123. The Defendant Saul is without sufficient information or belief to either admit or deny the averments as contained in Paragraph 123 of Plaintiff's First Amended Complaint. Notwithstanding the foregoing, upon information and belief there was no "false assumption" that 38 Studios would received \$75 million in net proceeds from the EDC..." As such, upon information and belief, the Defendant Saul does also deny that "accordingly, they knew or should have known that the two-page document was misleading, if not simply false."

124. In answer to Paragraph 124 of Plaintiff's First Amended Complaint, the Defendant Saul denies the averments as set forth therein as pertaining to the Defendant Saul and upon information and belief as pertaining to the other Defendants. The Defendant Saul denies that he "knew or should have known that the ratings pursuant to which the bonds were sold were procured through misleading financial information concerning 38 Studios."

125. The Defendant Saul denies the averments of Paragraph 125 of Plaintiff's First Amended Complaint as stated. The Defendant Saul further states that upon information and belief some of the members of the EDC Board were informed and/or were aware of all relevant facts and figures. Again, to the knowledge and belief of the Defendant Saul, nothing was hidden either intentionally or otherwise from the EDC Board Members.

126. The Defendant Saul is without sufficient information or belief to either admit or deny the averments as contained in Paragraph 126 of Plaintiff's First Amended Complaint, and as such the Plaintiff is left to its proof.

127. In answer to Paragraph 127 of Plaintiff's First Amended Complaint, at the present time, the Defendant Saul is without sufficient information or belief to either admit or deny the existence of or content of any such alleged e-mail and as such leaves Plaintiff to its proof.

128. In answer to Paragraph 128 of Plaintiff's First Amended Complaint, at the present time, the Defendant Saul is without sufficient information or belief with respect to the averment contained therein and the content of any so-called "draft PowerPoint presentation" and as such Plaintiff is left to its proof.

129. In answer to Paragraph 129 of Plaintiff's First Amended Complaint, the Defendant Saul is without sufficient information or belief to answer Plaintiff's assertions in Paragraph 129 and as such leaves Plaintiff to its proof. Notwithstanding the foregoing, Defendant Saul does affirmatively state that at no time relevant hereto was he aware of any false statement or misrepresentation being made to any member of the Board of Directors of the EDC and, to the best of his knowledge and belief, all members of the Board of Directors who affirmatively voted in favor of the subject loan had full access to whatever information they sought to obtain, none of which was hidden, nor misrepresented.

130. The Defendant Saul, in answer to Paragraph 130, and specifically as to the October 6th date, the Defendant Saul is without sufficient information or belief to either admit or deny whether that is the correct date and as such leaves Plaintiff to its proof.

131. In answer to Paragraph 131 of Plaintiff's First Amended Complaint, while Defendant Saul cannot speak as to the state of mind of the other Defendants, as to his knowledge and/or state of mind, the Defendant Saul does deny the averments as set forth in said Paragraph 131.

132. The Defendant Saul is presently without sufficient information or belief to either admit or deny the averments as set forth in Paragraph 132 of the Plaintiff's First Amended Complaint and as such leaves Plaintiff to its proof.

133. In answer to Paragraph 133 of Plaintiff's First Amended Complaint, at the present time, the Defendant Saul is without sufficient information or belief to either admit or deny the existence of or content of any such alleged e-mail and as such leaves Plaintiff to its proof.

134. With respect to Paragraph 134 of Plaintiff's First Amended Complaint, the Defendant Saul denies the Plaintiff's averments as set forth therein, based on his knowledge and belief.

135. In answer to Paragraph 135 of Plaintiff's First Amended Complaint, the Bond Placement Agreement speaks for itself and as such Plaintiff is left to its proof.

136. The Defendant Saul denies the averments as set forth in Paragraph 136 of Plaintiff's First Amended Complaint.

137. In answer to Paragraph 137 of Plaintiff's First Amended Complaint, the Defendant Saul states that the Bond Placement Agreement speaks for itself and as such the Plaintiff is left to its proof.

138. In answer to Paragraph 138 of Plaintiff's First Amended Complaint, the Defendant Saul denies the averments of Plaintiff as contained therein.

139. The Defendant Saul denies the Plaintiff's averments as set forth in Paragraph 139 of its First Amended Complaint.

140. In answer to Paragraph 140 of Plaintiff's First Amended Complaint, the Defendant Saul does state that it is true that First Southwest was engaged by the EDC. At the present time, the Defendant Saul is without sufficient information or belief to either admit or

deny whether First Southwest was actively engaged since March of 2010 and with reference to same, the Plaintiff is left to its proof. The Defendant Saul is without sufficient information or belief to either admit or deny when and whether First Southwest did in fact send an e-mail to the Defendant Saul dated October 29, 2010, or whether there was an attachment to an e-mail containing a proposed engagement letter. The Defendant Saul does deny that any acknowledgement was done "belatedly", as alleged by Plaintiff. In terms of the alleged statements made in the referenced engagement letter, any such engagement letter would speak for itself and as such the Plaintiff is left to its proof.

141. As to Paragraph 141 of Plaintiff's First Amended Complaint, the Defendant Saul is without sufficient information or belief at the present time to either admit or deny the averments contained therein and as such the Plaintiff is left to its proof. To the extent that there was an engagement letter, that engagement letter speaks for itself.

142. The Defendant Saul is without sufficient information or belief to either admit or deny the averments contained in Paragraph 142 of Plaintiff's First Amended Complaint, and as such the Plaintiff is left to its proof.

143. In answer to Paragraph 143 of Plaintiff's First Amended Complaint, the Defendant Saul does state that the Jobs Creation Guaranty Act does speak for itself and as such the Defendant Saul neither admits nor denies the allegation contained in Paragraph 143 as those allegations constitute an issue of law as opposed to fact.

144. The Defendant Saul is without sufficient information or belief to either admit or deny the allegations of Plaintiff set forth in Paragraph 144 of Plaintiff's First Amended Complaint and as such Plaintiff is left to its proof. Upon information and belief, the conclusionary statement made by the Plaintiff in Paragraph 144 of its First Amended Complaint

is a gross oversimplification, as for example, it does not take into account the damage done to 38 Studios by certain unnamed indispensable parties, which upon information and belief prevented 38 Studios from obtaining an equity infusion, which need for an equity infusion was, upon information and belief, at all times relevant hereto, known to all members of the EDC Board before they voted to approve the subject loan.

145. With respect to Paragraph 145 of the Plaintiff's First Amended Complaint, the Defendant Saul can neither admit nor deny the assertions contained therein as he simply does not have that knowledge at the present time, and as such, the Plaintiff is left to its proof.

146. With respect to Paragraph 146 of the Plaintiff's First Amended Complaint, again, at the present time, the Defendant Saul is without sufficient information or belief to either admit or deny the assertions contained therein and as such, leaves Plaintiff to its proof.

147. In answer to Paragraph 147 of Plaintiff's First Amended Complaint, and all footnotes which relate back to Paragraph 145 of Plaintiff's First Amended Complaint, the Defendant Saul is presently without sufficient information or belief to either admit or deny the averments contained therein and as such leaves the Plaintiff to its proof. The Defendant Saul does affirmatively state that at no time did he have nor does he have any knowledge, with respect to the allegation as contained in Section "E" of Plaintiff's First Amended Complaint, and as such denies that there were any "secretly received" payments to Wells Fargo.

148. In answer to Paragraph 148 of Plaintiff's First Amended Complaint, other than the fact that 38 Studios was searching for additional equity investors, which at all times relevant hereto was known to all of the members of the EDC Board of Directors, the Defendant Saul is without sufficient information or belief to either admit or deny the averments as contained in Paragraph 148 of Plaintiff's First Amended Complaint and as such leaves Plaintiff to its proof.

149. The Defendant Saul is without sufficient information or belief to either admit or deny the averments contained in Paragraph 149 of Plaintiff's First Amended Complaint and as such leaves Plaintiff to its proof.

150. In answer to Paragraph 150 of Plaintiff's First Amended Complaint, the Defendant Saul is without sufficient information or belief to either admit or deny those allegations and as such leaves Plaintiff to its proof.

151. In answer to Paragraph 151 of Plaintiff's First Amended Complaint, the Defendant Saul is without sufficient information or belief to either admit or deny the averments set forth therein and as such leaves Plaintiff to its proof.

152. In answer to Paragraph 152 of Plaintiff's First Amended Complaint, the Defendant Saul is without sufficient information or belief to either admit or deny the averments contained therein and as such leaves Plaintiff to its proof.

153. In answer to Paragraph 153 of Plaintiff's First Amended Complaint, the Defendant Saul does not have sufficient information or belief to either admit or deny Plaintiff's statement as made therein, and as such leaves Plaintiff to its proof.

154. The Defendant Saul is without sufficient information or belief to either admit or deny the averments contained in Paragraph 154 of Plaintiff's First Amended Complaint and as such leaves Plaintiff to its proof.

155. The Defendant Saul is without sufficient information or belief to either admit or deny the averments as set forth in Paragraph 155 of Plaintiff's First Amended Complaint and as such leaves Plaintiff to its proof.

156. The Defendant Saul is without sufficient information or belief to either admit or deny the averments as contained in Paragraph 156 of Plaintiff's First Amended Complaint and as such leaves Plaintiff to its proof.

157. At the present time, the Defendant Saul is without sufficient information or belief to either admit or deny the averments of Plaintiff as contained in Paragraph 157 of Plaintiff's First Amended Complaint and as such leaves Plaintiff to its proof.

158. The Defendant J. Michael Saul is without sufficient information or belief to either admit or deny the allegations as set forth by the Plaintiff in Paragraph 158 of Plaintiff's First Amended Complaint and as such leaves Plaintiff to its proof.

159. The Defendant Saul is without sufficient information or belief to either admit or deny the averments as contained in Paragraph 159 of the Plaintiff's First Amended Complaint and as such leaves Plaintiff to its proof.

160. As to the Section of Plaintiff's First Amended Complaint which is identified as "F". and appears below Paragraph 159 and above Paragraph 160 of Plaintiff's First Amended Complaint, the Defendant Saul denies that he failed to disclose to the EDC Board the negative opinion of experts." The Defendant Saul never controlled nor prevented the ability of any member of the EDC Board of Directors from obtaining any information including but in no way limited to, "the negative opinion of experts."

160. At the present time, the Defendant Saul has no independent knowledge or belief as to whether a meeting did in fact take place on June 2, 2010 and/or what was discussed at any such meeting and/or who was in attendance and as such the Plaintiff is left to its proof.

161. As to Paragraph 161 of the Plaintiff's First Amended Complaint, the Defendant Saul is without information or belief at the present time sufficient to either admit or deny the averment contained therein and as such Plaintiff is left to its proof.

162. The Defendant Saul is without sufficient information or belief to either admit or deny the averments contained in Paragraph 162 and as such can neither admit nor deny same, leaving Plaintiff to its proof.

163. In answer to Paragraph 163 of Plaintiff's First Amended Complaint, at the present time, the Defendant Saul has no current information or belief with respect to the Plaintiff's averments contained therein and as such Plaintiff is left to its proof.

164. As to the Plaintiff's editorial comment in Paragraph 164 of its First Amended Complaint, Defendant Saul cannot comment on what Plaintiff may have considered to be a contradiction, as that is simply Plaintiff's opinion as opposed to a statement of fact and as to any such written report by Strategy Analytics, that written report speaks for itself and as such the Plaintiff is left to its proof. The Defendant Saul does deny that there were any contradictions in the referenced report and does therefore deny that he violated any duty of disclosure.

165. As to Paragraph 165 of Plaintiff's First Amended Complaint, the Defendant Saul is without sufficient information or belief to either admit or deny the averments contained therein and as such leaves Plaintiff to its proof.

166. In answer to Paragraph 166 of Plaintiff's First Amended Complaint, while the Defendant Saul is without sufficient information or belief to either admit or deny what exactly was said by Harvey Cohen and/or Barry Gilbert at the alleged meeting of June 14, 2010, and as such leaves Plaintiff to its proof, the Defendant Saul does affirmatively state and knows that to his knowledge, at no time relevant hereto did Strategic Analytics ever express an opinion to the

EDC Board which was “diametrically opposite to the opinions this consultant had orally expressed 12 days early.” Therefore, the Defendant Saul denies that he acted contrary to any duty, nor did he fail to make any material disclosures or necessary disclosures to the EDC Board.

167. In answer to Paragraph 167 of Plaintiff’s First Amended Complaint, the Defendant Saul has no recollection of Strategy Analytics’ suggesting that EDC should not go forward with the \$75 million loan to 38 Studios, nor does he have any recollection of the exchange which is alleged to have taken place between an EDC Director and a representative of Strategy Analytics at the alleged Board meeting of June 14, 2010 and as such the averments as contained therein are denied.

168. In answer to Paragraph 168 of Plaintiff’s First Amended Complaint, the Defendant Saul is without sufficient information or belief to either admit or deny the contents thereof and as such the Plaintiff is left to its proof.

169. The Defendant Saul is without sufficient information or belief to either admit or deny the averments contained in Paragraph 169 of Plaintiff’s First Amended Complaint and as such Plaintiff is left to its proof.

170. The Defendant Saul is without sufficient information or belief to either admit or deny the averments as contained in Paragraph 170 of Plaintiff’s First Amended Complaint and as such the Plaintiff is left to its proof.

171. In answer to Paragraph 171 of Plaintiff’s First Amended Complaint, the Defendant Saul is without sufficient information or belief with respect to any communications between Chafee and Stokes and as such can neither admit nor deny the averments contained therein with reference to that communication, and as such leaves Plaintiff to its proof. As to the remainder of the averments as contained in Paragraph 171 of the Plaintiff’s First Amended

Complaint, the Defendant Saul does deny same as stated, as being incorrect conclusions and creating confusion based on Plaintiff's misunderstanding and/or misconstruing of the facts.

172. In answer to Paragraph 172 of Plaintiff's First Amended Complaint, upon information and belief the averments contained therein are denied by the Defendant Saul.

173. In answer to Paragraph 173 of Plaintiff's First Amended Complaint, based on present information and belief, the averments as contained in that Paragraph 173 are not true and as such are denied.

174. In answer to Paragraph 174 of Plaintiff's First Amended Complaint, the Defendant Saul is without sufficient information or belief to either admit or deny the statement made therein and as such the Plaintiff is left to its proof. By way of further specificity, the Defendant Saul has no knowledge of any "legal opinion" expressly given by Stolzman to the EDC Board, nor upon information and belief was there any effort by either Stolzman or Stokes "to keep them (i.e., the EDC Board) from reconsidering the 38 Studios transaction."

175. The Defendant Saul is without sufficient information or belief to either admit or deny the averments as contained in Paragraph 175 of Plaintiff's First Amended Complaint, and as such the Plaintiff is left to its proof.

176. At the present time, the Defendant Saul does not have sufficient knowledge or belief to either admit or deny the existence of an August 31, 2010 e-mail by Stokes, nor with respect to its contents, and as such leaves Plaintiff to its proof.

177. As Paragraph 177 calls for a conclusion of law, it is not appropriate for Defendant as a non-lawyer to comment on same, as such issues of law are left to be decided by this Honorable Court.

178. The Defendant Saul is without sufficient information or belief to either admit or deny the averments as contained in Paragraph 178 of Plaintiff's First Amended Complaint and as such the Plaintiff is left to its proof.

179. To the best of the Defendant Saul's present knowledge and belief the averments as set forth in Paragraph 179 of the Plaintiff's First Amended Complaint are untrue and as such are denied. At all times relevant hereto, to the best of the Defendant Saul's knowledge and belief, the members of the EDC Board acted freely, with full knowledge and of their own volition and as such no one "preempted the members of the EDC Board from reconsidering the 38 Studios transaction.

180. The statement made in what is identified by the Plaintiff in its First Amended Complaint as a Section "I", that "Defendants failed to implement the EDC Board's requirement that third party assessment and monitoring" is a false statement. With respect to the averments of the Plaintiff, in Paragraph 180 of its first amended complaint, the Defendant Saul is without sufficient information or belief to either admit or deny what took place at the alleged July 15, 2010 executive session of the EDC Board, as there is no indication that Defendant Saul was present at same, and as such the Plaintiff is left to its proof.

181. In answer to Paragraph 181 of Plaintiff's First Amended Complaint, the Defendant Saul is without sufficient information or belief to either admit or deny the general allegations made by the Plaintiff therein, however, upon information and belief, the EDC Board members did have knowledge of the issues which Plaintiff is claiming they did not have and/or if any Board members did not have this knowledge, it was because they avoided obtaining that information, while it was readily available to them.

182. In answer to Paragraph 182 of Plaintiff's First Amended Complaint, to the extent that the Plaintiff attempts to define "a completion bond", the Plaintiff is left to its proof of that definition, and it is up to the Court to determine the correctness of same as a matter of law. As to whether a completion bond had previously been obtained for 38 Studios for any purpose, the Defendant Saul does not presently have sufficient information or belief to either admit or deny same and as such leaves Plaintiff to its proof.

183. As Paragraph 183 makes no reference to any activities and/or knowledge of the Defendant Saul, at the present time the Defendant Saul is without sufficient information or belief to either admit or deny the averments contained therein. Any such memorandum, if it does exist, speaks for itself and, any conclusion derived by Plaintiff from any such memo is no more than an opinion of Plaintiff as opposed to a statement of fact which can be admitted or denied. As to what the Defendant Stoltzman, Afonso and Stokes knew, the Defendant Saul leaves same to be responded to by said Defendants.

184. With respect to Paragraph 184 of Plaintiff's First Amended Complaint, the Defendant Saul is without sufficient information or belief to comment on the memorandum referenced therein as he does not have sufficient knowledge or belief with respect to same and as that memo speaks for itself, the Plaintiff is left to its proof.

185. As to Paragraph 185 of Plaintiff's First Amended Complaint, the Defendant Saul is without sufficient information or belief to either admit or deny the averments as contained therein, and as to the so-called "Term Sheet", the contents thereof speak for themselves and the Plaintiff is left to its proof. The same applies to the Authorizing Resolution as it speaks for itself and as such the Plaintiff is left to its proof.

186. As to Paragraph 186 of Plaintiff's First Amended Complaint, the Defendant Saul is without sufficient information or belief to either admit or deny the assertions contained therein with the exception of the Plaintiff's claim that the EDC Board required "an independent expert's validation of 38 Studios' timetable and financial projections for completing Project Copernicus on time and within the constraints of its budget" as a condition of closing. The Defendant Saul has no knowledge or recollection of that being a condition to closing and as such that statement is simply denied.

187. With reference to Paragraph 187 of Plaintiff's First Amended Complaint and the so-called requirements which Plaintiff sets forth therein, the Plaintiff's averments are nothing more than an opinion being set forth by the Plaintiff as opposed to a statement of fact and as such those averments are not subject to being admitted or denied except to say that Plaintiff's opinion is wrong, and Plaintiff is left to its proper evidentiary proof. In addition, the Plaintiff's statements are conclusionary and not statements of fact and as such are not able to be denied or admitted. Plaintiff is left to the presentation of its factual evidence, from which a finder of fact can reasonably draw their own conclusion and/or inference.

188. In answer to Paragraph 188, as there was no known obligation imposed by the Board of Directors for an initial assessment as a condition to closing, the alleged violation of undertakings to the EDC Board is denied as is any claim sounding in negligence.

189. The Plaintiff's averments in Paragraph 189 of Plaintiff's First Amended Complaint are denied as stated.

190. The Defendant Saul denies the averments as set forth on Paragraph 190 of Plaintiff's First Amended Complaint as stated.

191. In terms of any alleged agreement entered into between IBM and 38 Studios that alleged document speaks for itself and as such the Defendant Saul neither admits nor denies its contents and leaves Plaintiff to its proper evidentiary proof.

192. The Defendant Saul denies the averments as set forth in Paragraph 192 of Plaintiff's First Amended Complaint as stated.

193. While the Defendant Saul is without sufficient information or belief to either admit or deny what may or may not have been said or thought by other Defendants in this litigation, in answer to Paragraph 193, Defendant Saul denies any agreement attributed to him and any knowledge attributed to him as alleged therein.

194. In answer to Paragraph 194 of Plaintiff's First Amended Complaint, the Defendant Saul denies any knowledge of any such alleged requirement by the Board and the Defendant Saul therefore does deny that he did not comply with any alleged requirement of the EDC Board for third party assessment and monitoring and the Defendant Saul denies that he was a participant in closing any transaction not authorized by the EDC Board.

195. As to Subsection "J." located between Paragraph 194 and 195 of Plaintiff's First Amended Complaint, the Defendant Saul had no part in drafting the "Loan and Trust Agreement" and therefore denies any negligence with respect thereto. The Defendant Saul denies that he had any part in negotiating "the Loan and Trust Agreement between the EDC and 38 Studios... on behalf of the EDC.

196. The Defendant Saul denies the averments contained in Paragraph 196 of Plaintiff's First Amended Complaint to the extent that the Plaintiff claims that he was in any way negligent with respect to any Loan and Trust Agreement or otherwise liable with reference to this transaction.

197. While the Defendant Saul was not part of any negotiations and/or drafting with respect to the language of “the Loan and Trust Agreement”, he expressly and specifically denies that he failed to include any language therein.

198. In answer to Paragraph 198 of Plaintiff’s First Amended Complaint, the Defendant Saul states that again Plaintiff is only stating conclusions of law as opposed to fact, and as such those conclusions of law are not subject to being admitted or denied and are within the purview of the Court to decide. To the extent that the Plaintiff is claiming that the Defendant Saul “had the duty to either require such provisions in the Loan and Trust Agreement, or, if 38 Studios refused, to disclose that refusal to and receive instructions from the EDC Board prior to the EDC entering into the Loan and Trust Agreement.”, that statement/averment is denied. In addition, the Defendant Saul denies that there was any failure to conform to “the intent of the EDC Board when it authorized the EDC to enter into the transaction with 38 Studios”. He further denies any such failure to conform on his part, while also denying the Plaintiff’s conclusionary statement as to the “intent of the EDC Board when it authorized the EDC to enter into the transaction with 38 Studios.”

199. The Defendant J. Michael Saul is not referenced in Paragraph 199 of Plaintiff’s First Amended Complaint and as such is without information or belief to admit or deny the allegations of actions by co-defendants in this matter as attributed to them by Plaintiff and Plaintiff is left to its proof. In addition, as to Subsection “K.” which Plaintiff includes between Paragraphs 198 and 199, the Defendant Saul does deny that he concealed any failure and does further deny that there was any failure to obtain meaningful third party monitoring. As to what language was included in the “Final Bond PPM” that was allegedly distributed to potential investors, including the investors who purchased the bonds, the Defendant Saul has no present

information or belief with respect to what language was included in the so-called “Final Bond PPM.”, and as such the Plaintiff is left to its proof.

200. The Defendant Saul is without sufficient information and belief to either admit or deny the allegations made by Plaintiff in Paragraph 200 of Plaintiff’s First Amended Complaint and as such leaves Plaintiff to its proof.

201. The Defendant Saul is without sufficient information and belief to either admit or deny the averments contained in Paragraph 201 of Plaintiff’s First Amended Complaint and as such Plaintiff is left to its proof.

202. The Defendant Saul is without sufficient information and belief to either admit or deny the averments contained in Paragraph 202 of Plaintiff’s First Amended Complaint and as such Plaintiff is left to its proof.

203. In answer to Paragraph 203 of Plaintiff’s First Amended Complaint, that so-called “BPA” speaks for itself and as such, the Plaintiff is left to its proof.

204. In answer to Paragraph 204, the Defendant Saul has no knowledge of any such alleged incorrect representation and therefore, the existence of same is denied. As to any specific averments contained in Paragraph 204, the Defendant Saul is without sufficient information and belief to either admit or deny same and as such leaves the Plaintiff to its proof. In addition, to the extent that Paragraph contains conclusions of law as opposed to factual statements, it cannot be admitted or denied.

205. As to any opinion referenced in Paragraph 205 of the Plaintiff’s First Amended Complaint, alleged to have been given by Moses and Afonso and Afonso, the Defendant Saul is without sufficient information and belief to comment on same, and as such the Plaintiff is left to its proof. In addition, Paragraph 205, again states conclusions of law as opposed to statements of

fact and, to that extent, it is not subject to be admitted or denied. As to any opinion given by Moses and Afonso and Afonso, that opinion would speak for itself and the Plaintiff is left to its proof. As to whether or not there was third party monitoring, to the extent that it was or was not required by the EDC Board, to the best of the knowledge and belief of the Defendant Saul, any such requirement of the Board was in fact met.

206. As to Paragraph 206 of Plaintiff's First Amended Complaint, to the best of the knowledge and belief of the Defendant Saul, all requirements of the EDC Board to approval of the subject loan to 38 Studios were met and as such any statement by Plaintiff to the contrary is denied.

207. In answer to Paragraph 207 of Plaintiff's First Amended Complaint, the averments of the Plaintiff therein are denied as stated.

208. As to the Plaintiff's statement as contained in that Section identified as Section "L.", located between Paragraph 207 and Paragraph 208 of Plaintiff's First Amended Complaint, that is a false statement in that there never was any requirement by the EDC Board to obtain an initial assessment from IBM. The Defendant Saul can neither admit nor deny the averments as set forth in Paragraph 208 of Plaintiff's First Amended Complaint as Defendant Saul has no information or knowledge with respect to a so-called "agreement between 38 Studios and IBM."

209. The Defendant Saul denies the averments as set forth in Paragraph 209 of Plaintiff's First Amended Complaint, as Plaintiff's statements are, at best, misleading. In addition, the Defendant Saul is without any information and belief as to the contents of any agreement with 38 Studios alleged to be dated September 14, 2010, nor does Defendant Saul have any knowledge and belief with respect to any representations by IBM, if any, concerning "Assessment of Copernicus budget and timetable". In fact, the timing of when IBM could have

completed any initial assessment is not known by Defendant Saul to have been an issue raised by the EDC Board or otherwise and therefore any reference and/or conclusionary statement by the Plaintiff that “the closings could have been postponed until it was” is simply misleading, based on incorrect conclusions, and as such the averments contained in Paragraph 209 are denied as stated.

210. The Defendant Saul is without sufficient information and belief to either admit or deny Plaintiff’s averments as set forth in Paragraph 210 of Plaintiff’s First Amended Complaint.

211. In answer to Paragraph 211 of Plaintiff’s First Amended Complaint, to the knowledge and belief of the Defendant Saul, there was in fact a closing, although whether or not November 2, 2010 was the date of the closing is not presently known. In addition, the Defendant Saul again reiterates that there was no requirement by the EDC Board for an initial assessment by IBM as a condition of closing. Notwithstanding the foregoing, the Defendant Saul cannot speak to any alleged actions and/or alleged information of and/or alleged information provided by IBM and the Defendant Saul is without information and belief as to whether some “independent expert agreed that 38 Studios had a viable plan to complete Copernicus on time and on budget.”

212. The Defendant Saul is without information or belief as to when IBM did “begin its Initial Assessment” or as to what any such assessment may have said. To the extent that a written assessment does exist, that written assessment would speak for itself and the Plaintiff is otherwise left to its proof.

213. The Defendant Saul repeats and restates his answers to Paragraphs 1 – 212 of Plaintiff’s First Amended Complaint and incorporates them herein as if restated in their entirety.

214. The Defendant Saul denies each and every averment as set forth in Paragraph 214 of Plaintiff's First Amended Complaint.

215. To the extent that the Plaintiff is attempting to set forth in Paragraph 215 of its First Amended Complaint Defendant Saul's duty, that constitutes conclusions of law and not fact and as such cannot be admitted or denied. Defendant Saul does however, to the extent that he had any duty, deny that he in anyway violated or did not meet that duty.

216. In answer to Paragraph 216 of Plaintiff's First Amended Complaint, Defendant Saul denies the averments contained therein, to the extent that they refer to the Defendant Saul.

217. In answer to Paragraph 217 of Plaintiff's First Amended Complaint, the Defendant Saul denies the averments as contained therein, to the extent that they reference Defendant Saul.

218. In answer to Paragraph 218 of Plaintiff's First Amended Complaint, Defendant Saul denies all averments set forth therein to the extent that Plaintiff is referring to any actions or omissions of Defendant Saul.

219. The Defendant Saul denies the averments as set forth in Paragraph 219 of Plaintiff's First Amended Complaint.

220. In answer to Paragraph 220 of Plaintiff's First Amended Complaint the Defendant Saul incorporates his answers to Paragraphs 1 – 212 of Plaintiff's First Amended Complaint and Paragraph 218 of Plaintiff's First Amended Complaint and makes them a part hereof as if restated in their entirety.

221. The Defendant Saul is without sufficient information and belief to admit or deny the averments of Plaintiff as set forth in Paragraph 221 of Plaintiff's First Amended Complaint.

222. The Defendant Saul is without sufficient information and belief to admit or deny the averments as set forth in Paragraph 222 of Plaintiff's First Amended Complaint.

223. The Defendant Saul is without sufficient information and belief to either admit or deny the averments as set forth in Paragraph 223 of Plaintiff's First Amended Complaint.

224. The Defendant Saul is without sufficient information and belief to either admit or deny the averments as set forth in Paragraph 224 of Plaintiff's First Amended Complaint.

225. The Defendant Saul denies the averments as set forth in Paragraph 225 of Plaintiff's First Amended Complaint.

226. In answer to Paragraph 226 of Plaintiff's First Amended Complaint, the Defendant Saul incorporates his answers to Paragraphs 1 – 212 above and makes them a part hereof, as if restated in their entirety.

227. The Defendant Saul denies the averments as set forth in Paragraph 227 of Plaintiff's First Amended Complaint.

228. The Defendant Saul denies the averments as set forth in Paragraph 228 of Plaintiff's First Amended Complaint.

229. The Defendant Saul denies the averments as set forth in Paragraph 229 of Plaintiff's First Amended Complaint.

230. The Defendant Saul denies the averments as set forth in Paragraph 230 of Plaintiff's First Amended Complaint.

231. In answer to Paragraph 231 of Plaintiff's First Amended Complaint, the Defendant Saul incorporates his answers to Paragraphs 1 – 212 above and makes them a part hereof, as if restated in their entirety.

232. The Defendant Saul denies the averments as set forth in Paragraph 232 of Plaintiff's First Amended Complaint.

233. The Defendant Saul denies the averments as set forth in Paragraph 233 of Plaintiff's First Amended Complaint.

234. The Defendant Saul denies the averments as set forth in Paragraph 234 of Plaintiff's First Amended Complaint.

235. The Defendant Saul, in answer to Paragraph 235 of Plaintiff's First Amended Complaint, incorporates his answers to Paragraphs 1 – 212 of Plaintiff's First Amended Complaint and includes them herewith, as if restated in their entirety.

236. The Defendant Saul denies the averments as contained in Paragraph 236 of Plaintiff's First Amended Complaint.

237. The Defendant Saul denies the averments as set forth in Paragraph 237 of Plaintiff's First Amended Complaint.

238. The Defendant Saul denies the averments as set forth in Paragraph 238 of Plaintiff's First Amended Complaint.

239. The Defendant Saul denies the averments as set forth in Paragraph 239 of Plaintiff's First Amended Complaint.

240. In answer to Paragraph 240 of Plaintiff's First Amended Complaint, the Defendant Saul incorporates his answers to Paragraphs 1 – 212 above and includes them herewith, as if restated in their entirety.

241. The Defendant Saul is without sufficient information and belief to either admit or deny the averments as set forth in Paragraph 241 of Plaintiff's First Amended Complaint.

242. The Defendant Saul is without sufficient information and belief to either admit or deny the averments as set forth in Paragraph 242 of Plaintiff's First Amended Complaint.

243. The Defendant Saul is without sufficient information and belief to either admit or deny the averments as set forth in Paragraph 243 of Plaintiff's First Amended Complaint.

244. The Defendant Saul is without sufficient information or belief to either admit or deny the averments as set forth in Paragraph 244 of Plaintiff's First Amended Complaint and leaves Plaintiff to its proof.

245. The Defendant Saul, in answer to Paragraph 245 of Plaintiff's First Amended Complaint, hereby incorporates his answers to Paragraphs 1 – 212 above and includes same herein as if restated in their entirety.

246. The Defendant Saul denies each and every allegation of Paragraph 246 of Plaintiff's First Amended Complaint.

247. The Defendant Saul denies each and every averment of Paragraph 247 of Plaintiff's First Amended Complaint.

248. In answer to Paragraph 248 of Plaintiff's First Amended Complaint, the Defendant Saul incorporates his answers to Paragraphs 1 – 212 above and includes same herewith as if restated in their entirety.

249. The Defendant Saul denies the averments as set forth by Plaintiff in Paragraph 249 of Plaintiff's First Amended Complaint.

250. The Defendant Saul denies the averments as set forth in Paragraph 250 of Plaintiff's First Amended Complaint.

251. The Defendant Saul denies the averments as set forth in Paragraph 251 of Plaintiff's First Amended Complaint.

252. The Defendant Saul in answer to Paragraph 252 of Plaintiff's First Amended Complaint hereby incorporates his answers to Paragraphs 1 – 212 above and makes same a part hereof as if restated in their entirety.

253. The Defendant Saul denies the averments as contained in Paragraph 253 of Plaintiff's First Amended Complaint.

254. The Defendant Saul denies the averments as contained in Paragraph 254 of Plaintiff's First Amended Complaint.

255. The Defendant Saul denies the averments as contained in Paragraph 255 of Plaintiff's First Amended Complaint.

256. The Defendant Saul denies the averments as contained in Paragraph 256 of Plaintiff's First Amended Complaint.

257. The Defendant Saul, in answer to Paragraph 257 of Plaintiff's First Amended Complaint hereby incorporates his answers to Paragraphs 1 – 212 above and includes them herewith as if restated in their entirety. The Defendant Saul also incorporates his answers to Paragraph 253 – 256 above and makes them a part hereof as if restated in their entirety.

258. In answer to Paragraph 258 of Plaintiff's First Amended Complaint, those statutes as referenced by the Plaintiff speak for themselves.

259. In answer to Paragraph 259 of Plaintiff's First Amended Complaint, the Defendant Saul states that Plaintiff is not entitled to any injunctive relief.

260. In Paragraph 260 of Plaintiff's First Amended Complaint the Plaintiff is merely stating its belief as to conclusions of law which do not require an answer by the Defendant Saul as all issues of law are left to determination by this Honorable Court.

261. The Defendant Saul denies each and every averment as set forth in Paragraph 261 of Plaintiff's First Amended Complaint.

262. The Defendant Saul denies the averments of Paragraph 262 of Plaintiff's First Amended Complaint.

263. The Defendant Saul denies the averments as set forth in Paragraph 263 of Plaintiff's First Amended Complaint.

264. In answer to Paragraph 264 of Plaintiff's First Amended Complaint, the Defendant Saul incorporates his answers to Paragraphs 1 – 212 above and to Paragraph 218 above and makes them a part hereof as if restated in their entirety.

265. Based on the knowledge and belief of Defendant Saul, the averments as set forth by the Plaintiff in Paragraph 265 of its Amended Complaint are denied.

266. The Defendant Saul is without information or belief sufficient to admit or deny the averments of Plaintiff as set forth in Paragraph 266 of Plaintiff's First Amended Complaint, and as such the Plaintiff is left to its proof.

267. The Defendant Saul is without sufficient information and belief to either admit or deny the averments of Plaintiff as set forth in Paragraph 267 of Plaintiff's First Amended Complaint and as such leaves Plaintiff to its proof.

268. The Defendant Saul is without sufficient information and belief to either admit or deny the averments of Plaintiff as set forth in Paragraph 268 of Plaintiff's First Amended Complaint and as such leaves Plaintiff to its proof.

269. The Defendant Saul in answer to Paragraph 269 of Plaintiff's First Amended Complaint denies that the Plaintiff has suffered any damages.

270. The Defendant Saul in answer to Paragraph 270 of Plaintiff's First Amended Complaint denies the averments contained therein.

271. In answer to Paragraph 271, the Defendant incorporates his answers to Paragraphs 1 – 212 above and Paragraph 218 above and makes them a part hereof, as if restated in their entirety.

272. In Paragraph 272 of Plaintiff's First Amended Complaint, the Plaintiff purports to be quoting a Rhode Island General Law and as such the Plaintiff is left to its proof.

273. In answer to Paragraph 273 of Plaintiff's First Amended Complaint, the Plaintiff is stating an issue of law as opposed to fact which does not require an answer from the Defendant Saul as issues of law are to be determined by this Honorable Court.

274. To the knowledge and belief of the Defendant Saul, the averments contained in Paragraph 274 of Plaintiff's First Amended Complaint are denied.

275. Based on knowledge and belief, the Defendant Saul denies the averments as contained in Paragraph 275.

276. To the knowledge and belief of the Defendant Saul, he denies the averments as set forth in Paragraph 276 of Plaintiff's First Amended Complaint.

277. Based on the knowledge and belief of Defendant Saul, he denies the averments as set forth in Paragraph 277 of Plaintiff's First Amended Complaint.

278. Based on the knowledge and belief of the Defendant Saul, he denies the averments as set forth in Paragraph 278 of Plaintiff's First Amended Complaint.

279. Based on the knowledge and belief of the Defendant Saul, he denies the averments contained in Plaintiff's First Amended Complaint.

280. Based on the knowledge and belief of Defendant Saul, he denies the averments as contained in Paragraph 280 of Plaintiff's First Amended Complaint.

281. Based on the knowledge and belief of Defendant Saul, he denies the averments as contained in Paragraph 281 of Plaintiff's First Amended Complaint.

282. In answer to Paragraph 282 of Plaintiff's First Amended Complaint, the Defendant Saul incorporates his answers to Paragraphs 1 – 212 above and to Paragraph 218 above and makes them a part hereof as if restated in their entirety.

283. In Paragraph 283, the Plaintiff, in its First Amended Complaint, is again simply attempting to state the wording of a Rhode Island statute and as such the Plaintiff is left to its proof.

284. Paragraph 284 of Plaintiff's First Amended Complaint calls for a conclusion of law and as such does not require an admission or denial.

285. Based on the knowledge and belief of Defendant Saul, the averments contained in Paragraph 285 of Plaintiff's First Amended Complaint are denied.

286. Based on the knowledge and belief of the Defendant Saul, the averments as contained in Paragraph 286 of the Plaintiff's First Amended Complaint are denied.

287. Based on his knowledge and belief, the Defendant Saul denies the averments as set forth in Paragraph 287 of Plaintiff's First Amended Complaint.

288. The Defendant Saul denies the averments as set forth in Paragraph 288 of Plaintiff's First Amended Complaint.

289. The Defendant Saul denies the averments as set forth in Paragraph 289 of Plaintiff's First Amended Complaint.

290. In answer to Paragraph 290 of Plaintiff's First Amended Complaint, Defendant Saul incorporates his answers to Paragraphs 1 – 212 above and Paragraph 218 above and includes same herewith, as if restated in their entirety.

291. Based on the knowledge and belief of Defendant Saul, the averments as contained in Paragraph 291 of Plaintiff's First Amended Complaint are denied.

292. Based on the knowledge and belief of the Defendant Saul, the averments contained in Paragraph 292 of Plaintiff's First Amended Complaint are denied.

293. The Defendant Saul denies the averments contained in Paragraph 293 of Plaintiff's First Amended Complaint.

294. The Defendant Saul denies the averments as contained in Paragraph 294 of Plaintiff's First Amended Complaint.

295. The Defendant Saul incorporates his answers to Paragraphs 1 – 212 above and makes them a part hereof, as if restated in their entirety.

296. The Defendant Saul denies the averments of Paragraph 296 of Plaintiff's First Amended Complaint.

297. The Defendant Saul denies the averments as set forth in Paragraph 297 of Plaintiff's First Amended Complaint.

298. The Defendant Saul denies the averments of Paragraph 298 of Plaintiff's First Amended Complaint.

299. In answer to Paragraph 299 of Plaintiff's First Amended Complaint, the Defendant Saul incorporates his answers to Paragraphs 1 – 298 above and makes them a part hereof as if restated in their entirety.

300. The Defendant Saul denies the averments as set forth in Paragraph 300 of Plaintiff's First Amended Complaint.

301. The Defendant Saul denies the averments as set forth in Paragraph 301 of Plaintiff's First Amended Complaint.

SECOND DEFENSE

AFFIRMATIVE DEFENSES

FIRST AFFIRMATIVE DEFENSE

The Defendant Saul hereby pleads the affirmative defense of the Plaintiff failing to make the required showing and/or to establish the required elements necessary for the issuance of equitable/injunctive relief.

SECOND AFFIRMATIVE DEFENSE

The Defendant Saul hereby pleads the affirmative defense of the lack of any harm or injury in fact or other damages to Plaintiff.

THIRD AFFIRMATIVE DEFENSE

The Defendant Saul hereby pleads the affirmative defense of the Plaintiff's lack of standing.

FOURTH AFFIRMATIVE DEFENSE

The Defendant Saul hereby pleads the affirmative defense of the Plaintiff being the incorrect party Plaintiff.

FIFTH AFFIRMATIVE DEFENSE

The Defendant Saul hereby pleads the affirmative defense of the failure of the Plaintiff to join indispensable parties as required under Superior Court Rule of Civil Procedure 19.

SIXTH AFFIRMATIVE DEFENSE

The Defendant Saul hereby pleads the affirmative defense of the lack of any duty to Plaintiff, which duty is required as an element of the causes of action asserted by the Plaintiff.

SEVENTH AFFIRMATIVE DEFENSE

The Defendant Saul hereby pleads the affirmative defense of the failure of Plaintiff to state a cause of action upon which relief may be granted.

EIGHTH AFFIRMATIVE DEFENSE

The Defendant Saul hereby pleads the affirmative defense of the failure of Plaintiff to reasonably mitigate damages.

NINTH AFFIRMATIVE DEFENSE

The Defendant Saul hereby pleads the affirmative defense of Plaintiff acting as a volunteer, with respect to any payments to the bondholders, as the Plaintiff has no legal obligation to make those payments.

TENTH AFFIRMATIVE DEFENSE

The Defendant Saul hereby pleads the affirmative defense of Plaintiff's creation of its own damages.

ELEVENTH AFFIRMATIVE DEFENSE

The Defendant Saul hereby pleads the affirmative defense of immunity based on an expansion of the Public Duty Doctrine to protect public employees from being sued by their public employer for actions carried out in the course of their public employment.

TWELFTH AFFIRMATIVE DEFENSE

The Defendant Saul hereby pleads the affirmative defense of waiver.

THIRTEENTH AFFIRMATIVE DEFENSE

The Defendant Saul hereby pleads the affirmative defense of estoppel.

FOURTEENTH AFFIRMATIVE DEFENSE

The Defendant Saul hereby pleads the affirmative defense of laches.

FIFTEENTH AFFIRMATIVE DEFENSE

The Defendant Saul hereby pleads the affirmative defense of Plaintiff's unclean hands.

SIXTEENTH AFFIRMATIVE DEFENSE

The Defendant Saul hereby pleads the affirmative defenses of comparative and/or contributory negligence.

SEVENTEENTH AFFIRMATIVE DEFENSE

The Defendant Saul hereby pleads the affirmative defense of the doctrine of existence of an intervening cause.

EIGHTEENTH AFFIRMATIVE DEFENSE

The Defendant Saul hereby pleads the affirmative defense of Plaintiff having an adequate remedy at law.

NINETEENTH AFFIRMATIVE DEFENSE

The Defendant Saul hereby pleads the affirmative defense of voluntary assumption of a known risk by Plaintiff.

TWENTIETH AFFIRMATIVE DEFENSE

The Defendant Saul hereby pleads the affirmative defense of Plaintiff's lack of reasonable reliance.

TWENTY-FIRST AFFIRMATIVE DEFENSE

The Defendant Saul hereby pleads the affirmative defense of the lack of any reliance by the Plaintiff.

TWENTY-SECOND AFFIRMATIVE DEFENSE

The Defendant Saul hereby pleads the affirmative defense of Plaintiff's violation of statute.

TWENTY-THIRD AFFIRMATIVE DEFENSE

The Defendant Saul hereby pleads the affirmative defense of the illegality of Plaintiff's actions while acting through its board of directors.

TWENTY-FOURTH AFFIRMATIVE DEFENSE

The Defendant Saul hereby pleads the affirmative defense of imputation.

TWENTY-FIFTH AFFIRMATIVE DEFENSE

The Defendant Saul hereby pleads the affirmative defense of in pare delicto.

TWENTY-SIX AFFIRMATIVE DEFENSE

The Defendant Saul hereby pleads the affirmative defense of lack of ripeness.

TWENTY-SEVENTH AFFIRMATIVE DEFENSE

The Defendant Saul hereby pleads the affirmative defense of abstention as the actions as pleaded by the Plaintiff constitute actions pursuant to the powers of the legislative branch of government and the executive branch of government and as such they are not appropriately reviewed by the honorable judicial branch, and as such are violative of the Rhode Island Constitution.

TWENTY-EIGHTH AFFIRMATIVE DEFENSE

The Defendant Saul hereby pleads the affirmative defense of the Plaintiff's violation of law.

TWENTY-NINTH AFFIRMATIVE DEFENSE

The Defendant Saul hereby pleads the affirmative defense of Plaintiff's negligent misrepresentations made to Defendant Saul by the Chairman of the Board of the Plaintiff, Governor Carcieri.

THIRTIETH AFFIRMATIVE DEFENSE

The Defendant Saul hereby pleads the affirmative defense of Plaintiff's intentional misrepresentation made to Defendant Saul by the Chairman of the Board of the Plaintiff, Governor Carcieri.

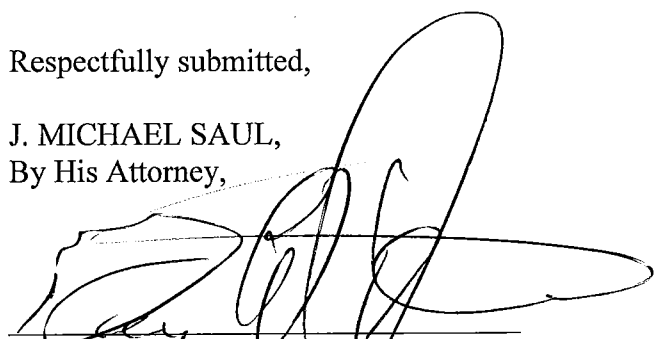
THIRTY-FIRST AFFIRMATIVE DEFENSE

The Defendant Saul hereby pleads the affirmative defense of Plaintiff's bad faith pleading in violation of Rule 11 of the Superior Court Rules of Civil Procedure, in that the EDC, which entity acts as a matter of law through its Board of Directors, as upon information and belief the then existing Board of Directors of the EDC at the time that the subject loan to 38 Studios was approved, was aware, and continues to be aware, through some or all of its then directors, that the averments as set forth in Plaintiff's First Amended Complaint are untrue and that contrary to the averments contained in Plaintiff's First Amended Complaint, the Board acted knowingly and intentionally and with full knowledge of all pertinent facts with respect to the finances, financial needs and viability of the business of 38 Studios in knowingly approving the subject loan to 38 Studios.

WHEREFORE, the Defendant J. Michael Saul respectfully requests that all claims asserted against him in Plaintiff's First Amended Complaint in this matter be dismissed with prejudiced, no interest, no costs, and that Defendant Saul be awarded reasonable attorneys' fees and all other costs of defense as a result of Plaintiff's bad faith actions in this matter.

Respectfully submitted,

J. MICHAEL SAUL,
By His Attorney,



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Dated: 9/24/13

CERTIFICATE OF SERVICE

I hereby certify that on the 24th day of September, 2013, I caused to be served a true copy of the within pleading, via e-mail, on the following counsel of record:

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